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CENTRAL INTELLIGENCE BULLETIN

28 September 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

N.D.
Chinese Communist anniversary celebrations: The USSR is sending a particularly high-level delegation to the Chinese Communist tenth anniversary celebrations in Peiping. Under Khrushchev, the Soviet group includes party secretary Suslov, Foreign Minister Gromyko, and secret police chief Shelepin, but no top-ranking military officials. The Asian satellites are to be represented by their top party leaders. In contrast, most delegations from the Eastern European satellites are headed by their titular heads of state and include no top-level political figures, except for Albanian Premier Shehu and Czechoslovak President Novotny. Peiping is likely to interpret the composition of the Eastern European delegations as a snub, but Moscow may have desired this type of representation in order to facilitate private talks between the Soviet and Chinese leaders.

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II. ASIA-AFRICA

N Laos: The UN subcommittee has decided to fly to Sam Neua town within a few days, but how extensive and thorough its field inspection will be is yet to be determined. Some sub-committee members are said to be opposed to visiting combat sites in the border areas for fear this would arouse North Vietnam and Communist China. Meanwhile, the pattern of small-scale enemy activity in Laos during the past few days indicates a shift to the southern provinces, in what may be an attempt to force the government to withdraw some of its troops from the north.

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OK Ceylon: Ceylon's new PRIME MINISTER Dahanayake on 26 September pledged to continue the late Prime Minister Bandaranaike's policies and indicated he intends to maintain Bandaranaike's party in power until the next regularly scheduled national elections in 1961. He has retained all members of Bandaranaike's cabinet, and Governor General Goonetilleke has issued no call for new elections. The views of other parties apparently were not considered prior to the Governor General's appointment of Dahanayake, and there is little reason to believe they will support him. Since Dahanayake does

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not command an absolute majority in Parliament, it is questionable how long his government can in fact hold on. [redacted]

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III. THE WEST

DK Dominican Republic: The Dominican economic and financial situation, already in serious condition, will rapidly worsen between now and the end of the year unless the present abnormal level of military expenditures is curtailed or an unforeseen sharp price rise occurs in Dominican export commodities. Discontent is mounting in upper- and middle-income groups, and unemployment is rising. [redacted]

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I. THE COMMUNIST BLOC

Bloc Representation at Peiping Celebrations

There is considerable variation in the composition of the delegations from the Sino-Soviet bloc countries attending the tenth anniversary celebrations in Peiping on 1 October.

The USSR is sending a particularly high-level, business-like delegation. Led by Khrushchev, the group includes party secretary Suslov, Foreign Minister Gromyko, and secret police chief Shelepin. Yu. V. Andropov, the department head for intrabloc affairs in the Soviet party apparatus, is in the delegation, as is I. V. Arkhipov, former chief counselor of the Soviet Embassy in Peiping and now a deputy chairman of the State Committee for Foreign Economic Relations. The delegations from the three Asian satellites are headed by their respective party chiefs.

In contrast, those attending from Eastern Europe apparently have been selected--presumably with Moscow's blessing--on the basis of strict protocol requirements. Each delegation will be led by the titular head of state except for those of Albania and Rumania, which are headed respectively by the premier and a deputy premier. None of the top political leaders will attend, with the exception of Shehu of Albania and Czechoslovak President and party First Secretary Novotny, which suggests that no key political decisions or discussions directly affecting Eastern Europe are planned.

Mao himself attended the 40th anniversary celebrations in Moscow in 1957, but Peiping has been represented at various East European anniversary celebrations by leaders of lower rank. Thus, the delegations from those countries seem to be what reciprocity demands; Peiping is likely to be piqued, however, in view of the unusual efforts they have taken to make the celebration impressive.

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{The strength of the Soviet delegation indicates that Khrushchev intends to use the occasion for serious talks with the}

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Chinese. There have been a number of indications recently that Soviet and Chinese views have differed on certain issues. Soviet officials have voiced concern over Peiping's handling of the Laotian crisis and the border dispute with India. Peiping's domestic propaganda, on the other hand, has shown a degree of opposition to Moscow's more moderate approach to the United States. Communist China apparently fears the effect which an improvement in Soviet-American relations might have on its need for tension in its domestic and foreign policies. Some irritation over the communes is still evident both in Soviet and Chinese commentary.)

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(The presence of economic officials in the Soviet delegation suggests that the USSR's role in Communist China's economic development may also be discussed; however, the absence of senior military leaders makes consideration of military issues unlikely)

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Ceylon's new Prime Minister W. Dahanayake, appointed on 26 September to succeed the late S. W. R. D. Bandaranaike, has said in a broadcast to the nation that he intends to continue Bandaranaike's neutralist-socialist policies, thus indicating he will try to maintain the Sri Lanka Freedom party in power during the year and a half before the next regularly scheduled general elections. Dahanayake reappointed the entire Bandaranaike cabinet, shifted ministerial duties slightly, assumed the ministries of defense and foreign affairs himself, and appointed his parliamentary secretary to be minister of education, the post Dahanayake formerly held.

Leaders of other parties were not consulted concerning Dahanayake's appointment, and the Governor General has not indicated that he intends to call for new national elections. The new government, which does not command a majority in Parliament, will have to seek support from other parties if it expects to remain firmly in power. No other party has indicated whether it will support the new prime minister, although most probably will accept the status quo pending their assessment of the situation. Since Parliament is in session, the attitudes of other parties should become apparent shortly.

In view of the opposition's continuous attacks on Bandaranaike's policies and the several attempts to force him out of office during the past year, Dahanayake may soon face a vote of no-confidence. While he has long been a prominent figure in Ceylonese politics and has wide grass-roots support in his own constituency, he has never been outside Ceylon and lacks the sophistication of most other Western-educated Ceylonese political leaders. He is not held in the same regard by other politicians as Bandaranaike, and he may not long be able to match Bandaranaike's ability to hold together the dissident elements in his own ruling party. Dahanayake may also have difficulty retaining a sufficient number of independent and Tamil members to provide his own 38-man group with a working majority in the 100-man Parliament.

There has been little indication of public unrest as yet. A walk-out by some Colombo port workers on 26 September does not appear to have been directed by any of the powerful port unions affiliated with leftist opposition parties. While the walk-out may have been occasioned merely by the prime minister's death, it could be the prelude to politically motivated labor disturbances designed to weaken the government.

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III. THE WEST

Serious Dominican Economic Situation Likely to Worsen

A serious economic and financial plight confronts the Dominican Republic as a result of its abnormally high military expenditures and the depressed world prices for its chief export crops. The American Embassy in Ciudad Trujillo sees "a very real probability" that the situation will rapidly worsen between now and the end of this year unless military expenditures are curtailed or there is a sharp rise in export earnings. The government, having already pledged much of its future export earnings for short- and medium-term loans, has nearly exhausted its sources of external credit.

Measures taken thus far hold little prospect for real improvement. Extremely heavy cutbacks in public works have resulted in increased unemployment and a general business slowdown. Upper- and middle-income groups are becoming restive, and embassy sources are notably less guarded in their criticism of the Trujillo dictatorship, which is nearing its 30th year.

On 24 September the government issued a decree which for the first time acknowledged the economic difficulties and ordered a 15-percent reduction in the salaries of high government officials. The decree will have little practical effect in alleviating the government's economic plight, however, and may in fact boomerang by creating uncertainties, if not genuine alarm, among the people over the weakening economic situation and over the possible political repercussions.

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